

EXHIBIT B

HSBC Anti Money Laundering

effort to prevent the movement of criminally derived financial institution. The money laundering strategy usually involves a financial institution, layering of funds into various jurisdictions into the financial market, giving the funds the appearance of legitimacy.

is for developing AML policies and procedures, supervising investigations, and the overall compliance program.

assists in the review of suspicious activity and the money laundering or terrorist financing SAR should be filed with law enforcement.

ated AML Local Compliance Officer. The AML LCO is a business unit to develop AML procedures and implement them relevant to the business unit.

Bank Secrecy Act in 1970 to fight money laundering and other financial transactions by financial institutions to create a "paper trail" by reporting financial transactions and filing of reports on certain transactions submitted to the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN").

Program required by the USA PATRIOT Act, requires financial institutions to verify and record the following information on all transactions (if applicable), permanent address and a government identification number (ID or SSN#).

also known as a FinCEN form 104 must be completed for cash withdrawals or exchanges of currency over \$10,000.

process for identifying, understanding, and monitoring risks of customers that may present a heightened risk of money laundering, or other illicit activities. The EDD process involves enhanced due diligence for account opening, the ongoing maintenance of customer information, and monitoring.

is an inter-governmental body whose purpose is the coordination of national and international policies to combat money laundering.

Reporting Office is responsible for the filing of all money laundering related SARs. ICRO provides support to the Compliance Department and material to assist the business in its AML efforts.

Anti-Money Laundering

What is AML?

AML or Anti-Money Laundering, is a world-wide initiative to block the flow of illegal or illicit funds through financial institutions. Since 9/11, it also includes an initiative to deter the financing of terrorism.

Money laundering is typically done in three phases: placement of funds into the financial institution, layering of the funds among various accounts and integration of the funds back into the market for example through the purchase of assets (such as real estate, cars, electronic equipment, withdrawal of cash etc.).

What US legislation impacts anti-money laundering?

Bank Secrecy Act of 1970:

Established reporting and recordkeeping requirements regarding the deposit of cash into a financial institution. Reporting requirements concentrated on:

- Identification of individuals conducting the transactions
- Value of the transactions
- Maintenance of a paper trail for law enforcement

Money Laundering Control Act of 1986:

Criminalized money laundering and defined "Willful Blindness"

The USA PATRIOT Act of 2001

Amended the Bank Secrecy Act. It requires that a financial institution have the following components in its AML Program:

- Policies and Procedures to protect the institution against money-laundering and terrorist financing.
- AML Compliance Officer to oversee the activities of the institution with respect to anti-money laundering
- Annual training for the staff to assure knowledge of the law and compliance
- Independent testing of procedures to ensure effectiveness of the AML Program.

What is your obligation?

As an employee of HSBC Finance Corporation, you have an annual obligation to:

- Read and attest to understanding the HSBC Finance Corporation AML Policies and Procedures.
- Complete the annual AML training assigned to your business unit.
- Report suspicious activity

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Suspicious Activity

It is everyone's responsibility to report suspicious activity. HSBC Finance Corporation is committed to protecting its reputation as well as its safety and soundness. Transactions involving money laundering or terrorist financing expose HSBC Finance Corporation to significant reputational, operational and legal risk.

Employees must not knowingly provide advice or assistance to individuals who attempt to violate or avoid money laundering laws. Employees must not be "willfully blind" by ignoring facts that a reasonable person would consider suspicious.

If you suspect or are uncomfortable with a customer or a transaction, you should contact your Manager immediately. You should never inform a customer that he/she is suspected of suspicious activity.

Red Flags

Here are some examples of red flags that employees should be alert to when reviewing an application or existing loan. This list is not all inclusive.

- Customers who do not want to provide all required identification documentation
- Large sums of cash used as a down payment on an asset (home or car)
- Inconsistent KYC/CIP (Know Your Customer/Customer Identification Program) information supplied during the application process
- Funds for payment wired from a high-risk country
- Phone numbers which cannot be verified
- Payments made by an unrelated third party
- Large overpayment of debt obligation

ing Glossary of Terms

Control ("OFAC") is part of the U.S. Treasury actions against countries, programs and policy and national security.

is, known supporters of terrorist financing, s and those engaged in activities related to the s destruction.

KYC	Know Your Customer is a critical part of the AML program. KYC covers the entire scope of the customer's relationship, beginning with the account opening and continuing through the entire life of the customer's relationship. KYC includes the identification of: the account holder (and if different the beneficial owner), the source of funds/wealth, the purpose of the account, the nature and level of expected activity, an understanding of the customer's entire product or service business, and for non-individuals the nature of the business and a physical site visit.
MSB	A Money Service Business is a business that sells or provides one or more of the following services: Money Orders, Traveler's Checks, Money Transmission, Check Cashing, Currency Exchange and Stored Value Cards. An MSB is considered high-risk for money laundering/terrorist financing activities.
NCCT	Non-Cooperative Country or Territory is a designation assigned to specific countries that have failed to meet international money laundering standards set by FATF.
OFAC	The Office of Foreign Assets Control of the US Department of Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. All names associated with an account are screened against the OFAC list. A match against the OFAC list requires the financial institution to take immediate action, which may include freezing or rejecting the funds associated with the account.
Red Flag	A "Red Flag" is a sign of suspicious activity that may suggest money laundering or terrorist financing. Each business unit has a listing of "red flags" that are specific to its products and services. This list of "red flags" may be found in the Business Unit's AML Procedures.
SAR	A Suspicious Activity Report is a form used to report suspicious transaction activity to the US Department of Treasury.
SCC	Special Categories of Clients is a designation assigned by HSBC to specific customer types who are deemed presumptively to pose a heightened money laundering risk. SCCs include: public officials, those connected to/associated with a public official, Embassies, Missions and Consulates of foreign countries, MSBs, dealers in rough diamonds, casinos and other types of gaming/gambling operations, companies involved in the production or distribution of arms or other military products, and other entities or individuals that may pose a reputational risk to HSBC. Customers who are designated as a SCC require EDD. For the most current SCC types, refer to the HSBC AML Policy.
USA PATRIOT Act	The Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) was enacted in 2001. Its sweeping regulations made terrorist financing a money laundering offense, required financial institutions to institute sound AML program and training and enhanced account opening requirements.
Willful Blindness	Willful blindness is deliberately ignoring facts, which a reasonable person would consider suspicious. The term is used to describe failure to acknowledge suspicious activity that should have been recognized and reported.

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rector of AML for HSBC North America

Your Next Steps

As a new employee, it is your responsibility to review and certify that you read your Business Unit's:

- AML Policy
- AML Procedures

These must be completed within 90 days of hire (30 days for high risk businesses)

Both can be accessed via Campus. Here are the steps:

Step	Action
1	Select ' Internet Explorer ' from your computer desktop
2	Select ' Campus ' from the 'Internal Systems' menu You will be brought to the Campus sign-on screen
3	Input your ' User Name ' (n + your employee ID number)
4	Press ' Tab '
5	Input your ' Connect password ' You will be brought to the Campus homepage The AML Policy and AML Business Unit Procedures will be in your 'To Do' list

For further information on your business unit's AML requirements or to report any suspicious activity, speak with your:

- Manager
- AML LCO

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